

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1999-374-C - ORDER NO. 2000-0445
MAY 24, 2000

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IN RE:	Application of Nextlink Long Distance)	ORDER
	Services, Incorporated For A Certificate of)	GRANTING
	Public Convenience and Necessity To Provide)	CERTIFICATE FOR
	Intrastate Resold and Facilities-Based)	LONG DISTANCE
	Interexchange Telecommunications Services)	AUTHORITY
	Within South Carolina)	

This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of the Application of Nextlink Long Distance Services, Inc. (“Nextlink Long Distance” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate facilities-based and resold interexchange telecommunications services between and among locations within the State of South Carolina. The Company’s Application was filed pursuant to S.C. Code Ann. § 58-9-280 (Supp. 1999) and the Regulations of the Public Service Commission of South Carolina.

The Commission’s Executive Director instructed Nextlink Long Distance to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Nextlink Long Distance’s Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on April 26, 2000, at 10:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable William Saunders, Vice Chairman, presided. Faye Flowers, Esquire, represented Nextlink Long Distance. Jocelyn D. Green, Staff Counsel, represented the Commission Staff.

Mr. R. Gerard Salemme, Senior Vice President of External Affairs and Industry Relations of Nextlink Long Distance, appeared and offered testimony in support of the Company's Application. Mr. Salemme had telecommunications experience prior to joining Nextlink Long Distance. For example, he directed AT&T's federal regulatory issues as AT&T Vice President – Government Affairs. Prior to becoming employed with AT&T, Mr. Salemme was Senior Vice President of External Affairs for McCaw Cellular Communications, Inc. Nextlink Long Distance is a wholly-owned subsidiary of Nextlink Communications. Nextlink Long Distance was incorporated in the State of Washington and the Company has received a Certificate of Authorization to transact business as a foreign corporation in the State of South Carolina.

Mr. Salemme testified as to the Company's managerial, technical, and financial ability to transact business in South Carolina. According to the testimony, Nextlink Long Distance currently operates facilities-based networks providing switched local and long distance services in numerous markets. Further, the Company already operates 32 facilities-based SONET-based fiber optic networks providing local dial tone and long distance services in 49 markets in 19 states. As of September 30, 1999, the Company had installed 349,154 access lines. According to Mr. Salemme, Nextlink Long Distance is an experienced, highly qualified telecommunications carrier. The testimony reveals Nextlink Long Distance will have a full complement of technical and service personnel based in Memphis, who will have responsibility for the maintenance and

repair of the Company's network facilities. The testimony further reveals the Company's network will exceed the minimum telephone service standards contained in the Commission's service standards for long distance telecommunications service providers.

Nextlink Long Distance will rely on MCI and Sprint to supplement the Company's network. The Company distributes bills to its customers that separately display the classes of service subscribed to by the customer. In addition, Nextlink Long Distance's toll-free number for Customer Service will appear on its bills. The Company also operates a customer service department which handles all inquiries or complaints; this department is open twenty-four hours a day, seven days a week. Elizabeth Lynch is the regulatory contact person for the Company.

Regarding the Company's financial ability to provide telecommunications services in South Carolina, the testimony indicates the Company, with the support of its corporate parent, Nextlink Communications, possesses sufficient financial resources necessary to produce, install, and operate facilities and services, and to hire and train all additional personnel which may be required to exercise competently and effectively the service authority requested by Nextlink Long Distance. The financial statements submitted with the Application indicate that the parent company Nextlink Communications, as of December 31, 1998, had total current assets of \$1,552,157,000 and total current liabilities of \$143,656,000.

Finally, Mr. Salemme testified Nextlink Long Distance has the managerial resources and abilities to provide the telecommunications services the Company wishes to offer in South Carolina. According to Mr. Salemme, Craig O. McCaw, the Company's founder and principal equity owner, Dan Akerson, Chairman of the Board and Chief Executive Officer, Steven W. Hooper, Co-Vice Chairman of the Board, and Wayne M. Perry, Co-Vice Chairman, each have 15

or more years of experience in leading companies in competitive segments of the telecommunications industry. In addition, several members of the managerial team had telecommunications experience prior to joining Nextlink Long Distance. For example, Mr. Akerson was CEO of Nextel from 1996 until July 1999. In addition, the testimony reveals Mr. Hooper and Mr. Perry were members of the senior management team at McCaw Cellular Communications, Inc. during the years in which it became the nation's largest cellular telephone company.

Mr. Salemm testified the Company will make necessary changes to the tariff so that the tariff complies with the Commission's rules and regulations. Further, as of the date of the hearing, Nextlink Long Distance had not marketed or provided telecommunications services in South Carolina nor had the Company received any revenues from the completion of intrastate calls in South Carolina. Finally, Nextlink Long Distance has never been denied authority in any state where it has applied for authority nor has the Company had authority revoked in any state where it has been granted authority; the Company is operating in good standing in all states that Nextlink Long Distance has received authority to operate.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Nextlink Long Distance is organized as a corporation under the laws of the State of Washington and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Nextlink Long Distance provides facilities-based and resold interexchange services and wishes to provide its services in South Carolina.

3. Nextlink Long Distance has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Nextlink Long Distance to provide resold and facilities-based intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Nextlink Long Distance for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Nextlink Long Distance shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. Nextlink Long Distance shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the

changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. If it has not already done so by the date of issuance of this Order, Nextlink Long Distance shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. Nextlink Long Distance is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Nextlink Long Distance shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Nextlink Long Distance changes underlying carriers, it shall notify the Commission in writing.

8. Nextlink Long Distance shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The

proper form for these reports is indicated on Attachment A. Be advised that the Commission's annual report for telecommunication companies requires the filing of intrastate revenues and intrastate expenses.

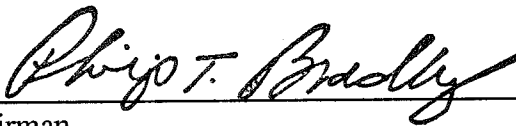
9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Nextlink Long Distance shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. With regard to the origination and termination of toll calls within the same LATA, Nextlink Long Distance shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).


11. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'

COMPANY NAME

FEIN

ADDRESS PHONE NUMBER

CITY, STATE, ZIP CODE FAX NUMBER

1. SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31, OR FISCAL YEAR. \$
2. SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31, OR FISCAL YEAR. \$
3. RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS FOR THE 12 MONTHS
ENDING DECEMBER 31, OR FISCAL YEAR. \$
4. PARENT'S CAPITAL STRUCTURE FOR THE 12 MONTHS ENDING
DECEMBER 31, OR FISCAL YEAR. \$
5. PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED
COST PERCENTAGE (%)
6. ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF
EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF
ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).
7. **CONTACT PERSON FOR ALL FINANCIAL INQUIRIES AND REPORTING:**

NAME

ADDRESS (IF DIFFERENT FROM COMPANY)

TELEPHONE NUMBER

SIGNATURE

NAME PLEASE PRINT OR TYPE

TITLE

AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

Company Name (Including dba Name(s) or Acronyms used or to be used in South Carolina)

Business Address

City, State, Zip Code

A.

General Manager Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

B.

Customer Relations (Complaints) Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

C.

Engineering Operations Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

D.

Test and Repair Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

E.

Contact for Emergencies During Non-Office Hours (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

F.

Financial Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

G.

Customer Contact Telephone Number for Company (Toll Free)

This form was completed by

Signature

**If you have any questions, contact the Consumer Services Department (803-896-5230)
or Utilities Department at (803-896-5105).**